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Louisiana Association of  
Nonprofit Organizations

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**Financial Statements**  
**December 31, 2012**



A Professional Accounting Corporation

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**LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2012**

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**INDEPENDENT AUDITORS' REPORT**

Finance Committee and Board of Directors  
Louisiana Association of Nonprofit Organizations, Inc.  
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Louisiana Association of Nonprofit Organizations (the Organization), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Association of Nonprofit Organizations as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2013, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Postlethwaite : Netterville*

Baton Rouge, Louisiana  
June 26, 2013

**LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.**

**BATON ROUGE, LOUISIANA**

**STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2012 AND 2011**

**ASSETS**

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 338,807	\$ 326,441
Accounts receivable	65,127	5,200
Prepaid expenses	13,031	4,918
Furniture and equipment, net	12,925	18,145
Total assets	<u>\$ 429,890</u>	<u>\$ 354,704</u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable	\$ 27,110	\$ 18,634
Payroll related liabilities	16,877	15,418
Deferred membership revenue	66,311	66,294
Total liabilities	<u>110,298</u>	<u>100,346</u>

**NET ASSETS**

Unrestricted	189,592	17,398
Temporarily restricted	130,000	236,960
Total net assets	<u>319,592</u>	<u>254,358</u>

Total liabilities and net assets	<u>\$ 429,890</u>	<u>\$ 354,704</u>
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The accompanying notes are an integral part of these statements.

**LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.**

**BATON ROUGE, LOUISIANA**

**STATEMENTS OF ACTIVITIES**

**YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012		
	Unrestricted	Temporarily Restricted	Total
<b><u>REVENUES</u></b>			
Membership dues	\$ 161,184	\$ -	\$ 161,184
Sponsorships	40,099	-	40,099
Grant revenues	-	447,010	447,010
Program revenues	5,800	-	5,800
Contract revenues	57,278	-	57,278
In-kind contributions	60,576	-	60,576
Contributions	551,633	-	551,633
Other revenues	29,756	-	29,756
Total revenues	906,326	447,010	1,353,336
Net assets released from restrictions	553,970	(553,970)	-
Total revenues and other support	1,460,296	(106,960)	1,353,336
<b><u>EXPENSES</u></b>			
Program services	975,961	-	975,961
Support services	312,141	-	312,141
	1,288,102	-	1,288,102
<b>CHANGE IN NET ASSETS</b>	172,194	(106,960)	65,234
<b>NET ASSETS - beginning of period</b>	17,398	236,960	254,358
<b>NET ASSETS - end of period</b>	<u>\$ 189,592</u>	<u>\$ 130,000</u>	<u>\$ 319,592</u>

The accompanying notes are an integral part of these statements.

2011

Unrestricted	Temporarily Restricted	Total
\$ 154,532	\$ -	\$ 154,532
77,300	-	77,300
-	542,462	542,462
26,475	-	26,475
107,853	-	107,853
102,670	-	102,670
151,807	-	151,807
32,364	-	32,364
653,001	542,462	1,195,463
677,452	(677,452)	-
1,330,453	(134,990)	1,195,463
1,024,710	-	1,024,710
344,571	-	344,571
1,369,281	-	1,369,281
(38,828)	(134,990)	(173,818)
56,226	371,950	428,176
\$ 17,398	\$ 236,960	\$ 254,358



**LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.**

**BATON ROUGE, LOUISIANA**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012		
	Program Services	Support Services	Total
Professional fees	\$ 58,423	\$ 146,743	\$ 205,166
Depreciation	-	5,220	5,220
Dues and subscriptions	20,741	-	20,741
Other	38,903	37,150	76,053
Payroll taxes and benefits	100,615	14,008	114,623
Postage and delivery	686	380	1,066
Printing, reproduction, and publications	23,726	8,716	32,442
Rent	62,941	4,062	67,003
Salaries	658,018	94,074	752,092
Telephone	11,908	1,788	13,696
Total expenses	<u>\$ 975,961</u>	<u>\$ 312,141</u>	<u>\$ 1,288,102</u>

The accompanying notes are an integral part of these statements.

2011

Program Services	Support Services	Total
\$ 55,239	\$ 138,746	\$ 193,985
-	4,899	4,899
874	-	874
82,098	78,399	160,497
101,143	14,081	115,224
1,440	799	2,239
4,829	1,774	6,603
71,764	4,631	76,395
690,798	98,760	789,558
16,525	2,482	19,007
<u>\$ 1,024,710</u>	<u>\$ 344,571</u>	<u>\$ 1,369,281</u>

**LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.**

**BATON ROUGE, LOUISIANA**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 65,234	\$ (173,818)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	5,220	4,899
Decrease (increase) in accounts receivable	(59,927)	12,778
Increase in prepaid expenses	(8,113)	(1,750)
Increase in deferred membership revenue	17	9,638
Increase (decrease) in accounts payable	8,476	(26,906)
Increase (decrease) in payroll related liabilities	1,459	(8,784)
Net cash provided by (used in) operating activities	<u>12,366</u>	<u>(183,943)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases of furniture and equipment	<u>-</u>	<u>(13,701)</u>
Net cash used in investing activities	<u>-</u>	<u>(13,701)</u>
Net increase (decrease) in cash and cash equivalents	12,366	(197,644)
Cash and cash equivalents - beginning of year	<u>326,441</u>	<u>524,085</u>
Cash and cash equivalents - end of year	<u>\$ 338,807</u>	<u>\$ 326,441</u>

The accompanying notes are an integral part of these statements.

**LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.**  
**BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

1. **Summary of significant accounting policies**

**Nature of activities**

Louisiana Association of Nonprofit Organizations, Inc. (the Organization or LANO) was created in 1997 as a division of the Foundation for a Better Louisiana to provide essential services to other nonprofit organizations in an attempt to strengthen the nonprofit sector in Louisiana. On May 7, 1999, Louisiana Association of Nonprofit Organizations, Inc. was incorporated and became an independent entity.

LANO is a statewide member organization that advocates for the nonprofit community and strengthens the effectiveness of those committed to improving Louisiana. The LANO mission is to be a "go-to" source for:

- high quality information, tools, resources and member benefits that deepen the impact of Louisiana nonprofits;
- engaging multi-sector network - both virtual and physical - convening year round to leverage the shared goals and resources of Louisiana's nonprofits and stakeholders; and
- written and spoken voice of advocacy for and about Louisiana's nonprofit sector

The Organization accomplishes its mission through the following programs:

- Capacity building
  - technical assistance, training, consulting and published resources to strengthen the effectiveness and efficiency of nonprofit organizations
  - regional and statewide educational meetings on topics of importance to nonprofit organizations, including funding, public policy, and management related issues;
  - public policy initiatives, research and analysis
- Community building
  - development and support of multi-sector partnerships
  - online Network platform for multi-sector communications, event promotions, career center, news and blogs
  - member meetings, seminars and webinars
  - multimedia outreach for network growth and sustainability

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.**  
**BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

1. Summary of significant accounting policies (continued)

Accounts receivable

Accounts are considered past due based on their contractual terms. Management monitors receivables throughout the year, and all accounts considered to be uncollectible are written off. As of December 31, 2012 and 2011, all accounts receivable were considered collectible; therefore, no allowances for uncollectible accounts were established.

Furniture and equipment

Furniture and equipment are recorded at cost with depreciation being recorded using the straight-line method over the estimated useful lives of the assets (three to five years). Maintenance and repairs are charged to expense, while additions and improvements are capitalized. Donated property is recorded at its estimated fair value on the date of receipt, which is then treated as cost.

When assets are retired or disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gains and losses are recognized in the Organization's yearly operations.

Deferred membership revenue

Membership dues that are paid prior to December 31<sup>st</sup> for subsequent periods are recorded as deferred revenue at December 31<sup>st</sup>.

Temporarily and permanently restricted net assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time, period, or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity. The Organization does not have any permanently restricted net assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Grants receive the same accounting treatment as contributions, if the grant activity is to be planned and carried out by the Organization and the Organization has the right to the benefits of carrying out the activity.

Grant reimbursements

The Organization recognizes revenues and receivables on reimbursable grants to the extent that allowable expenses have been incurred.

**LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.**  
**BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

1. Summary of significant accounting policies (continued)

Contributed services

The Organization recognizes revenue for certain services received at the estimated fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation.

Income taxes

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Internal Revenue Code. Accordingly, no provision for income taxes is necessary.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that would more likely than not be substantiated upon examination. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress. Management believes that it is no longer subject to income tax examinations for years ended prior to December 31, 2009.

Allocated expenses

The costs of providing for various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among program services and supporting services based on records and estimates made by the Organization's management.

Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents includes cash in checking accounts, money market accounts, and highly liquid investments with original maturities of three months or less.

Reclassification

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the current year presentation.

**LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.**  
**BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

2. Liquidity

The Organization had negative cash flows from operations for the years ended December 31, 2011 and 2010, and unrestricted net assets were reduced to less than \$20,000 at December 31, 2011.

In response to this situation, management has taken actions in the form of reducing staff and general and administrative expenses. The LANO business model was also revised to increase the fiscal stability including cost containment, enhance operational and programmatic efficiency as well as customer service excellence and sustainable growth.

Furthermore, management has the following additional tools to address its liquidity issues:

- A line-of-credit with a financial institution that offers flexibility on a short-term basis to ensure the Organization can pay all obligations as they become due.
- Continued pursuit of unrestricted additional sources of revenues in grants, earned-income and membership.
- The 2012 and 2013 fiscal year budgets were developed with increased attention on the balance of restricted and unrestricted revenues directly tied to projected expenses which are closely monitored.
- Management has a Fund Development Plan which includes targeted foundation support for operations and corporate sponsorships.

As a result of these responses from management, the Organization was able to generate cash flows from operations of approximately \$12,000 during the year ended December 31, 2012, and unrestricted net assets increased to almost \$190,000. Management continues to review the operations of the Organization in an attempt to continue these positive results.

3. Furniture and equipment

Furniture and equipment consisted of the following at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Furniture and equipment	\$ 98,722	\$ 98,722
Less: accumulated depreciation	( 85,797)	( 80,577)
	<u>\$ 12,925</u>	<u>\$ 18,145</u>

Depreciation expense totaled \$5,220 and \$4,899 for the years ended December 31, 2012 and 2011, respectively.

**LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.**  
**BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

4. Line-of-credit

The Organization maintains an unsecured \$100,000 operating line-of-credit at a local financial institution. There was not an outstanding balance on this line-of-credit at either December 31, 2012 or 2011.

5. Temporarily restricted net assets

Temporarily restricted net assets at December 31, 2012 and 2011 were available for the following purposes:

	<u>2012</u>	<u>2011</u>
Workforce development	\$ -	\$ 40,000
Technology	-	2,030
Community coaching and leadership	130,000	115,961
Louisiana Budget Project	-	27,000
New Orleans	-	45,000
North Louisiana - various	-	6,969
	<u>\$ 130,000</u>	<u>\$ 236,960</u>

6. Net assets released from restrictions

Net assets were released from donor restrictions by incurring program-related expenses satisfying the restricted purposes during the years ended December 31, 2012 and 2011, as follows:

	<u>2012</u>	<u>2011</u>
Workforce development	\$ 40,000	\$ -
Technology	2,030	22,970
Community coaching and leadership	90,961	-
Lavoad and others	-	109,460
Louisiana Budget Project	266,110	411,529
New Orleans	45,000	1,000
North Louisiana - various	74,869	132,493
Others	35,000	-
	<u>\$ 553,970</u>	<u>\$ 677,452</u>



**LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.**  
**BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

7. Leases

The Organization has entered into various lease agreements for office space throughout the state. The majority of the leases are either on a month-to-month basis or have terms of twelve months or less. At December 31, 2012, the future minimum lease payments for those leases were as follows:

<u>Year ending December 31st</u>	<u>Amount</u>
2013	\$ 32,500
2014	<u>12,000</u>
	<u>\$ 44,500</u>

Rent expense totaled \$67,003 and \$76,395 for the years ended December 31, 2012 and 2011, respectively.

8. Employee benefits

The Organization sponsors a defined contribution retirement program for which it contributes 5% of the pay of all eligible employees. The program is available to all regular employees working 40 hours per week or more with at least two years of service. Contributions to this plan by the Organization totaled approximately \$26,000 and \$13,000 during the years end December 31, 2012 and 2011, respectively.

9. Concentrations of credit risk

The Organization maintains several deposit accounts at a local financial institution. The balances, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. Management believes the credit risk associated with these deposits is minimal.

10. Subsequent events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 26, 2013, and determined that there were no other events that require additional disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Finance Committee and Board of Directors  
Louisiana Association of Nonprofit Organizations, Inc.  
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Louisiana Association of Nonprofit Organizations (the Organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion of the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Postlethwaite : Wettersville*

Baton Rouge, Louisiana

June 26, 2013

**LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.**  
**BATON ROUGE, LOUISIANA**

**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2012**

A. Summary of audit results:

- (1) The Independent Auditors' Report expressed an unmodified opinion on the financial statements of Louisiana Association of Nonprofit Organizations, Inc. as of and for the year ended December 31, 2012.
- (2) No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- (3) No instances of noncompliance material to the financial statements of Louisiana Association of Nonprofit Organizations, Inc. were disclosed during the audit.
- (4) A management letter was not issued in connection with the current year audit.

B. Findings - financial statement audit:

- (1) None

**LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.**  
**BATON ROUGE, LOUISIANA**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2012**

A. Findings - financial statement audit:

(1) None